

Rule 1 26/1.54

The Insolvency Act 1986

Notice to Registrar of Companies of
Supervisor's Progress Report**R.1.26A(4)(a)/
R.1.54**Pursuant to Rule 1 26A(4)(a) or
Rule 1.54 of the Insolvency Rules
1986

To the Registrar of Companies

For Official Use

--	--	--

Company Number

03654663

(a) Insert full name of

Name of Company

Martin Stockley Associates Limited

(b) Insert full name and
Address

We Gary N Lee
009204
Begbies Traynor (Central) LLP
340 Deansgate
Manchester
M3 4LY

Paul W Barber
009469
Begbies Traynor (Central) LLP
340 Deansgate
Manchester
M3 4LY

(c) Insert date

supervisors of a voluntary arrangement taking effect on

(c) 27 June 2011,

Attach our progress report for the period
from

(c) 27 June 2011

to

(c) 26 June 2012

Number of continuation sheets (if any) attached 0

Signed



Date 26/6/12

Gary N Lee
Joint Supervisor

Presenter's name, address
and reference

MA235CVA
Begbies Traynor (Central) LLP
340 Deansgate
Manchester
M3 4LY

For Official Use

Liquidation Section

Post Room

THURSDAY



A1C08X8I

A07

28/06/2012

#185

COMPANIES HOUSE

No 989 of 2011

Gary N Lee and Paul W Barber appointed joint supervisors on 27
June 2011

Martin Stockley Associates Limited (Company Voluntary Arrangement)

Joint Supervisors' Progress Report pursuant to
Rule 1.26A of The Insolvency Rules 1986

Period: 27 June 2011 to 26 June 2012

Important Notice

This progress report has been produced by the supervisors solely to comply with their statutory duty to report to creditors on the progress of the Voluntary Arrangement. The report is private and confidential and may not be relied upon, referred to, reproduced or quoted from, in whole or in part, by creditors for any purpose other than this report to them or by any other person for any purpose whatsoever.

Contents

- ☐ Interpretation
- ☐ Relevant information
- ☐ Introduction
- ☐ Abstract of receipts and payments
- ☐ Progress during the period of this report
- ☐ Prospects for full implementation of the Arrangement
- ☐ Estimated outcome for creditors
- ☐ Supervisors' remuneration & disbursements
- ☐ Other relevant information
- ☐ Conclusion
- ☐ Appendices
 - 1 Joint supervisors' account of receipts and payments
 - 2 Joint supervisors' time costs and expenses

1. INTERPRETATION

<u>Expression</u>	<u>Meaning</u>
"the Company"	Martin Stockley Associates Limited (Under a Voluntary Arrangement)
"the Supervisors"	Gary N Lee and Paul Barber of Begbies Traynor (Central) LLP, 340 Deansgate, Manchester, M3 4LY
"the Arrangement"	The terms of the Proposal, Standard Conditions and any modifications (and/or variations) agreed by the Company's creditors
"the Act"	The Insolvency Act 1986 (as amended)
"the Rules"	The Insolvency Rules 1986 (as amended)
"secured creditor" and "unsecured creditor"	Secured creditor, in relation to a company, means a creditor of the company who holds in respect of his debt a security over property of the company, and "unsecured creditor" is to be read accordingly (Section 248(1)(a) of the Act)
"security"	<ul style="list-style-type: none">(i) In relation to England and Wales, any mortgage, charge, lien or other security (Section 248(1)(b)(i) of the Act), and(ii) In relation to Scotland, any security (whether heritable or moveable), any floating charge and any right of lien or preference and any right of retention (other than a right of compensation or set off) (Section 248(1)(b)(ii) of the Act)

2. RELEVANT INFORMATION

Name of Company	Martin Stockley Associates Limited
Trading name	Stockley
Date of Incorporation	22 October 1998
Company registered number	03654663
Company registered office.	C/O Begbies Traynor, 340 Deansgate, Manchester, M3 4LY
Commencement date of the Arrangement	27 June 2011
Duration of the Arrangement	5 Years
Main provisions of the Arrangement	<p>The agreed proposal provides that the Company will pay an initial payment of £40,000 to the supervisor followed by 60 monthly contributions from the continuing trade</p> <p>The arrangement also included a provision for the CVA to benefit from a share of any improvements in trading results from the original forecasts included within the CVA proposal of not less than 50% in any rise in the net income after a provision for tax</p>
Variations to the Arrangement since approval	There have been no variations to the arrangement since approval
Dividend paid to creditors	There has not been a distribution to creditors during the period covered by this report
Anticipated dividend	The supervisors will arrange for distributions to creditors at such times as they consider most appropriate

3. INTRODUCTION

- 3.1 Pursuant to Rule 1.26A(6) of the Rules, the Supervisors are required to send the Company, its creditors (bound by the Arrangement) and its members an abstract of receipts and payments which shows all receipts and payments of money whilst the Supervisors have been acting as supervisors of the Arrangement
- 3.2 In addition to accounting for the receipts and payments, Rule 1.26A requires the Supervisors to report on the progress of the Arrangement and the prospects for its full implementation
- 3.3 This is the Supervisors' first annual report, which should be read in conjunction with the Proposal of the directors and accompanying documents approved at the meeting of creditors

4. ABSTRACT OF RECEIPTS AND PAYMENTS

Please find at Appendix 1 an abstract which shows the receipts and payments during the period of this report

RECEIPTS

Contributions from the Company

Following the implementation of the arrangement, the initial payment of £40,000 was received on 6 July 2011, together with the first monthly contribution of £1,667. The remaining contributions were to be paid monthly thereafter.

Within the reporting period contributions totalling £48,335 have been paid into the arrangement representing the initial payment of £40,000 and 5 payments of £1,667. Accordingly, the Company met the required CVA contributions for the months of July, August, September, October and November 2011.

You may recall from my letter of 21 January 2012, addressed to you in my capacity as Joint Liquidator, the Company is in default of the terms of the CVA and as a result the CVA is deemed to have failed.

Bank Interest

Bank interest totalling £64.36 has been received during the period covered by this report.

PAYMENTS

Nominees Fee

The fees of the Nominees were agreed at £10,000 plus VAT and disbursements. The sum of £5,000 of this fee was paid by the Company prior to implementation of the arrangement and it was agreed that the balance of £5,000 would be drawn post implementation of the arrangement from contributions received. I can confirm that the Nominees fee has now been paid in full.

5. PROGRESS DURING THE PERIOD OF THIS REPORT

5.1 Set out below are details of the progress that has been made during the period of this report.

5.2 You will recall that the terms of the Arrangement as modified provided for the following:

Summary of Financial Proposal to Creditors

The Director proposed to generate funds to enable a dividend to be repaid to creditors from the following sources:

- Monthly contributions into the CVA from ongoing trading of the Company.

Assets and Liabilities

Assets

No assets were to be included in the CVA as the Company intended to utilise the same to continue to trade

Upside on Forecasts ("Upside")

It was proposed that any Upside on the forecasts (i.e. any additional profits than that forecast) be shared equally between the CVA creditors and the Company

It was proposed that the Upside is calculated on production of the Financial Statements by the Company's external accountants and paid by the Company as increased contributions of not less than 50% of any rise in the net income after the provision for tax

On 11 November 2011 the directors contacted the Supervisors to advise that the Company had failed to meet forecasts and would be unable to make any further contributions into the CVA. The main reason for the failure to meet forecasts related to the Company's inability to win new contracts from customers as a direct result of being subject to an insolvency process (CVA)

The directors requested advice regarding the Company's financial position and the advice culminated in a Board resolution on 21 December 2011 that the Company was unable to meet the terms of the CVA and was unable pay its post CVA liabilities as and when they fell due. As a result, the Company ceased to trade on 23 December 2011 and Gary N Lee and Paul Barber were appointed as Joint Liquidators on 9 January 2012

6. PROSPECTS FOR FULL IMPLEMENTATION OF THE ARRANGEMENT

As you will see from the above the Company is in default of the terms of the CVA and as a result the CVA is deemed to have failed

7. ESTIMATED OUTCOME FOR CREDITORS

7.1 The total estimated amount owed to creditors at the commencement of the Arrangement was £497,776.55

To date we have received claims of £459,202.78, based upon the sums received into the arrangement the Supervisors estimate an outcome for creditors in the region of 0.05p in the £

We intend to distribute a first and final dividend to all proving creditors within the next 3 months (i.e. by 26 September 2012)

8. JOINT SUPERVISOR'S REMUNERATION & DISBURSEMENTS

The Supervisors' remuneration has been fixed by reference to the time properly given by them (as Supervisors) and the various grades of their staff calculated at the prevailing hourly charge out rates of Begbies Traynor (Central) LLP for attending to matters arising in the Arrangement and they are authorised to draw disbursements, including disbursements for services provided by their firm (defined

as category 2 disbursements in Statement of Insolvency Practice 9) in accordance with their firm's policy, details of which are attached at Appendix 2 of this report

The Supervisors' time costs for the period from 27 June 2011 to 26 June 2012 amount to £14,255.00 which represents 70.90 hours at an average rate of £201.06 per hour. An analysis of time costs incurred in this period and prepared in accordance with Statement of Insolvency Practice 9 is attached at Appendix 2 showing the number of hours spent by each grade of staff on the different types of work involved in the case, and giving the average hourly rate charged for each work type. It is intended that the Time Costs Analysis and the information contained in this report will provide sufficient information to enable the body responsible for the approval of the Supervisors' fees to consider the level of those fees in the context of the case.

The following further information in relation to the Supervisors' time costs and disbursements is set out at Appendix 2:

- Begbies Traynor (Central) LLP's policy for re-charging disbursements
- Begbies Traynor (Central) LLP's charge-out rates

For the period from 27 June 2011 to 26 June 2012 the Supervisors have drawn the sum of £12,000 by way of remuneration. No disbursements have been drawn.

A copy of Voluntary Arrangements – A Creditors' Guide to Insolvency Practitioners' Fees (2010) can be obtained from the Supervisors' office, on request. Alternatively the guide can be downloaded from our website www.begbies-traynor.com via the "Personal Insolvency" link in the "Quick Links" box on the left hand side of the homepage. From there please follow the "Creditor" link which will take you to the appropriate page where the Guide can be found at the end.

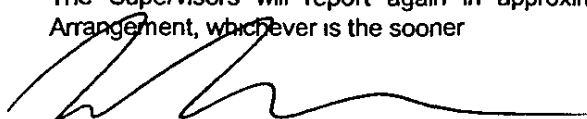
9. OTHER RELEVANT INFORMATION

Whilst the Company is now in Liquidation, the Supervisors must conclude the CVA by distributing funds held in the CVA to the creditors. Accordingly notice is hereby given of my intention to declare a first and final dividend to the CVA creditors.

In order to ensure that their claims rank for distribution, creditors who have not yet submitted their claim in the CVA should complete the enclosed creditors claim form and return it to this office by no later than Friday 27 July 2012. A distribution of funds held in the CVA will be made within 2 months of the deadline for claims.

10. CONCLUSION

The Supervisors will report again in approximately 1 year's time or at the conclusion of the Arrangement, whichever is the sooner.



Gary Lee
Joint Supervisor

Dated 27 June 2012

JOINT SUPERVISORS' ACCOUNT OF RECEIPTS AND PAYMENTS

Period: 27 June 2011 to 26 June 2012

INCOME**Total (£)**

Contributions from the Company
Bank Interest Gross

48,335 00
64 36

48,399.36

EXPENDITURE

Balance of Agreed Nominees Fee
Office Holders Fees

5,000 00
12,000 00

17,000.00

Balance

31,399.36

MADE UP AS FOLLOWS

Bank 1 Current

31,399.36

JOINT SUPERVISORS' TIME COSTS AND EXPENSES

- a Begbies Traynor (Central) LLP's policy for re-charging expenses/disbursements,
- b Begbies Traynor (Central) LLP's charge-out rates,
- c Narrative summary of time costs incurred, and
- d Table of time spent and charge-out value for the period from 27 June 2011 to 26 June 2012

BEGBIES TRAYNOR CHARGING POLICY

INTRODUCTION

This note applies where a licensed insolvency practitioner in the firm is acting as an office holder of an insolvent estate and seeks creditor approval to draw remuneration on the basis of the time properly spent in dealing with the case. It also applies where further information is to be provided to creditors regarding the office holder's fees following the passing of a resolution for the office holder to be remunerated on a time cost basis. Best practice guidance¹ requires that such information should be disclosed to those who are responsible for approving remuneration.

Where the office holder's remuneration is proposed to be fixed on an additional or alternative basis, sufficient information will be provided to creditors in order to allow them to consider whether to approve the proposed basis or bases of the office holder's remuneration. Following approval further information will be provided to creditors regarding the office holder's fees as required by the legislation and best practice guidance.

In addition, this note applies where creditor approval is sought to make a separate charge by way of expenses or disbursements to recover the cost of facilities provided by the firm and also where payments are to be made to outside parties in which the office holder or his firm or any associate has an interest. Best practice guidance² requires that such charges should be disclosed to those who are responsible for approving the office holder's remuneration, together with an explanation of how those charges are calculated.

OFFICE HOLDER'S FEES IN RESPECT OF THE ADMINISTRATION OF INSOLVENT ESTATES

The office holder has overall responsibility for the administration of the estate. He/she will delegate tasks to members of staff. Such delegation assists the office holder as it allows him/her to deal with the more complex aspects of the case and ensures that work is being carried out at the appropriate level. There are various levels of staff that are employed by the office holder and these appear in Appendix 3.

The firm operates a time recording system which allows staff working on the case along with the office holder to allocate their time to the case. The time is recorded at the individual's hourly rate in force at that time which is detailed in Appendix 3. This is only applicable to those cases where the office holder is remunerated on a time costs basis.

EXPENSES INCURRED BY OFFICE HOLDERS IN RESPECT OF THE ADMINISTRATION OF INSOLVENT ESTATES

Best practice guidance classifies expenses into two broad categories:

- ☐ *Category 1 disbursements (approval not required)* - specific expenditure that is directly related to the case usually referable to an independent external supplier's invoice. All such items are charged to the case as they are incurred.
- ☐ *Category 2 disbursements (approval required)* - items of incidental expenditure directly incurred on the case which include an element of shared or allocated cost and which are based on a reasonable method of calculation.

(A) The following items of expenditure are charged to the case (subject to approval)

- Internal meeting room usage for the purpose of statutory meetings of creditors is charged at the rate of £100 per meeting,
- Car mileage is charged at the rate of 45 pence per mile,

¹ Statement of Insolvency Practice 9 (SIP 9) – Remuneration of insolvency office holders in England & Wales

² *Ibid* 1

- Storage of books and records (when not chargeable as a *Category 1 disbursement*) is charged on the basis that the number of standard archive boxes held in storage for a particular case bears to the total of all archive boxes for all cases in respect of the period for which the storage charge relates,
 - Displaying properties for sale on the 'Accelerated Property Sales from Begbies Traynor' section of the Begbies Traynor website is charged at the rate of £75 00 per property
- (B) The following items of expenditure will normally be treated as general office overheads and will not be charged to the case although a charge may be made where the precise cost to the case can be determined because the item satisfies the test of a *Category 1 disbursement*
- Telephone and facsimile
 - Printing and photocopying
 - Stationery

BEGBIES TRAYNOR CHARGE-OUT RATES

Begbies Traynor is a national firm. The rates charged by the various grades of staff that may work on a case are set nationally, but vary to suit local market conditions. The rates applying to the Manchester office as at the date of this report are as follows

	Standard 1 May 2011 – until further notice Regional
Partner	395
Director	345
Senior Manager	310
Manager	265
Assistant Manager	205
Senior Administrator	175
Administrator	135
Trainee Administrator	110
Support	110

Time spent by support staff such as secretarial, administrative and cashiering staff is charged directly to cases. It is not carried as an overhead.

Time is recorded in 6 minute units.

SUMMARY OF OFFICE HOLDERS' TIME COSTS

CASE NAME	Martin Stockley Associates Limited
CASE TYPE	COMPANY VOLUNTARY ARRANGEMENT
OFFICE HOLDERS	Gary N Lee and Paul W Barber
DATE OF APPOINTMENT	27 June 2011

1 CASE OVERVIEW

1.1 This overview and the time costs analysis attached is intended to provide sufficient information to enable the body responsible for the approval of the office holders' fees to consider the level of those fees in the context of the case

1.2 Complexity of the case

Please refer to the report for details of the case and its complexity

1.3 Exceptional responsibilities

None

1.4 The office holders' effectiveness

As you will see from the report the Company is in default of the terms of the CVA and as a result the CVA is deemed to have failed

Accordingly, the return to creditors is anticipated to be minimal

1.5 Nature and value of property dealt with by the office holders'

Please refer to the report

1.6 Anticipated return to creditors

The total estimated amount owed to creditors at the commencement of the Arrangement was £497,776.55

To date we have received claims of £459,202.78, however we consider that creditors have not yet submitted their claims.

On the basis of sums received to date and with no further receipts expected the Supervisors estimate, an outcome for creditors in total of 0.056p in the £

We anticipate that the first and final dividend will be declared within 3 months

1.7 Time costs analysis

An analysis of time costs incurred between 27 June 2011 and 26 June 2012 prepared in accordance with Statement of Insolvency Practice 9 is attached showing the number of hours spent by each grade of staff on the different types of work involved in the case, and giving the average hourly rate charged for each work type

The time costs analysis provides details of work undertaken by the office holders and their staff following their appointment only

1 8 Work undertaken prior to appointment

In addition to the post appointment time costs detailed, the costs relating to work undertaken by the Nominees prior to approval of the voluntary arrangement were approved by the creditors at the creditors' meeting

1 10 Approval of fees and Disbursements

The Supervisors' remuneration has been fixed by reference to the time properly given by them (as Supervisors) and the various grades of their staff calculated at the prevailing hourly charge out rates of Begbies Traynor (Central) LLP for attending to matters arising in the Arrangement and they are authorised to draw disbursements, including disbursements for services provided by their firm (defined as category 2 disbursements in Statement of Insolvency Practice 9) in accordance with their firm's policy, details of which are attached at Appendix 2 of this report

2 EXPLANATION OF OFFICE HOLDERS' CHARGING AND DISBURSEMENT RECOVERY POLICIES

2 1 Begbies Traynor's policy for charging fees and expenses incurred by office holders is attached

2 2 The rates charged by the various grades of staff who may work on a case are attached

Martin Stockley Associates Limited
Time costs analysis for the period from 27 June 2011 to 26 June 2012

[illegible]